

106TH CONGRESS
2D SESSION

S. 2626

To amend the Internal Revenue Code of 1986 to improve access to tax-exempt debt for small nonprofit health care and educational institutions.

IN THE SENATE OF THE UNITED STATES

MAY 24, 2000

Mr. JEFFORDS introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to improve access to tax-exempt debt for small nonprofit health care and educational institutions.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. IMPROVED ACCESS TO TAX-EXEMPT DEBT FOR**
4 **SMALL NONPROFIT HEALTH CARE AND EDU-**
5 **CATIONAL INSTITUTIONS.**

6 (a) IN GENERAL.—Section 265(b)(3) of the Internal
7 Revenue Code of 1986 (relating to exception for certain
8 tax-exempt obligations) is amended by adding at the end
9 the following:

1 “(G) ELECTION TO APPLY LIMITATION ON
 2 AMOUNT OF OBLIGATIONS AT BORROWER
 3 LEVEL.—

4 “(i) IN GENERAL.—An issuer, the
 5 proceeds of the obligations of which are to
 6 be used to make or finance eligible loans,
 7 may elect to apply subparagraphs (C) and
 8 (D) by treating each borrower as the issuer
 9 of a separate issue.

10 “(ii) ELIGIBLE LOAN.—For purposes
 11 of this subparagraph—

12 “(I) IN GENERAL.—The term ‘el-
 13 igible loan’ means 1 or more loans to
 14 a qualified borrower the proceeds of
 15 which are used by the borrower for
 16 health care or educational purposes
 17 and the aggregate amount of which
 18 issued during any calendar year does
 19 not exceed \$10,000,000.

20 “(II) QUALIFIED BORROWER.—
 21 The term ‘qualified borrower’ means a
 22 borrower which is an organization de-
 23 scribed in section 501(c)(3) and ex-
 24 empt from taxation under section
 25 501(a).

1 “(iii) MANNER OF ELECTION.—The
2 election described in clause (i) may be
3 made by an issuer for any calendar year at
4 any time prior to its first issuance during
5 such year of obligations the proceeds of
6 which will be used to make or finance 1 or
7 more eligible loans.

8 “(iv) MODIFICATION OF RULE FOR
9 COMPOSITE ISSUES.—In the case of an ob-
10 ligation which is issued by any issuer
11 which has made the election described in
12 clause (i), subparagraph (F) shall be ap-
13 plied without regard to clause (i) of such
14 subparagraph.”

15 (b) EFFECTIVE DATE.—The amendment made by
16 subsection (a) shall apply to taxable years beginning after
17 December 31, 2000.

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